

MAINE GAMBLING CONTROL BOARD

September 15, 2015

09:00 – 10:25am

Gambling Control Board Room

45 Commerce Drive Suite 3, Augusta Maine 04333

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser; Joe Laliberte; Bob Harmon;

Staff present: Office Assistant II Harley Murray, Auditor Donald Berrie, Auditor Jill Tobey, Inspector Supervisor Vicki Gardner, Detective Don Armstrong, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Tom Sturtevant

Introductions:

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

Review of the minutes 07/21/2015

Motion to accept the minutes with corrections as presented by Assistant Attorney General Tom Sturtevant: Joe Laliberte, Board Member

Seconded: Barbara Dresser, Board Member

Vote: Unanimous

Executive Director Report:

Exclusion Forfeiture – At the July meeting Director Fleming informed the Board that a self-excluded person had won a reportable jackpot at the Oxford Casino that required that the jackpot be forfeited. The person was given the opportunity to appeal the forfeiture but failed to do so. The jackpot was released by the Gambling Control Board and will be transferred to the Substance Abuse and Mental Health Services account for problem gambling. Director Fleming has been informed that the transaction is still in the process and should be completed by the end of the week. The total of this jackpot was \$5076.00.

The Gambling Control Board had a second reportable jackpot won by a self-excluded person at the Oxford Casino in August. That person was sent a notice of forfeiture and given the opportunity to appeal. They replied and have asked for a hearing on the forfeiture. Director Fleming discussed the hearing issue with AAG Sturtevant and would like to schedule it for the date of the October Board meeting which is scheduled

for October 20, 2015. Director Fleming needed to know if the Board has a preference on time for the hearing. Because of the nature of the hearing it will probably need to be held in executive session so the Board can decide to delay the regular meeting and do the hearing at a set time. The board members decided to set the hearing time for 9:30am. The total of this jackpot was \$1600.00.

BMM Test Labs– the suitability hearing for BMM Test labs was scheduled for this morning but due to a miscommunication a request for further financial information was not sent to them until a point where the financial review could not be completed in time for today's meeting, therefore the hearing has been postponed until the October 20th Board meeting. BMM has been advised of the delay.

Penn National - Director Fleming advised the Board several meetings ago of Penn National's intent on purchasing the Tropicana Hotel in Las Vegas. Director Fleming was advised last week that the transaction has been completed and Penn National now owns the property.

Interview- Director Fleming was contacted a few weeks ago by WGME asking about how we monitor the financial transactions, specifically the payback percentages on the slot machines at the casinos. Director Fleming did an interview with them and discussed our auditing process and our interaction with the casinos and Scientific Games. They asked if they could visit Scientific Games and Director Fleming put them in touch with a Sci Games representative for follow up. Director Fleming was not sure when this story might air.

The Gambling Control Board also received a request from the American Casino Guide asking for the Oxford Casino gross slot revenue from July 2014 through June 2015. After getting the request and conferring with AAG Sturtevant Director Fleming advised the Oxford Casino of the request and initially they requested that the information be kept confidential but later rescinded the request. The information was then sent to the publication. The Board had a similar issue a few years ago with requests for payback percentages based on denomination which the Board deemed confidential but in this case it was for the general payback percentage on an annual basis. The reason they only requested Oxford was that the Hollywood Casino gross revenue is already on our website because they are required to report it but Oxford is not required to report it for tax purposes.

G2E – Director Fleming will be attending the Global Gaming Expo in Las Vegas from September 27 – October 1st, 2015. This is one of the biggest international gaming trade shows and offers several days of training as well as exhibits by vendors showing the present and future of gambling. One of the changes that could impact gambling in Maine is the move towards more skill based games. The next generation of

gamers is looking more towards games that they interact with and can affect the outcome such as they would with Xbox or PlayStation games. The State of Nevada Gaming Commission is currently working with the industry to determine a regulatory process for these types of games and if they can reach consensus then it is expected the games will start moving to other venues.

New Tax Policy – the new employee and key executive renewal application was put on our website on September 1st. The new application contained the change the Board approved requiring those that had to pay taxes when filing their returns show proof of payment. Both casinos and the out of state entities we license were notified during the month of August to give them plenty of notice of the change. Director Fleming expects we will have to track some people down but the number of people having to pay is relatively small.

Oxford Meeting – for the last several years we have held the November meeting at the Oxford municipal building in order to give local people and officials the ability to attend a meeting and see how the Gambling Board operates. The attendance of those who do not otherwise come to the meetings has been shrinking and it was presented to the Board to decide if these off site meetings should continue. After communication amongst the board members it was decided that rather than have two off site meetings each year, one in Oxford and the other in Bangor, that they would decrease the visits to one off site meeting per year. These meetings would alternate resulting in the next off site meeting being held in Oxford in the spring of 2016 and Bangor the following year in the spring of 2017. The board presented that they would like to combine these meetings with a tour of the facilities to stay current on any major changes made by the Casinos.

Personnel – Our Office Assistant II Harley Murray will be leaving us on September 28, 2015 to take a position with the Electrician's Board at the Department of Professional and Financial Regulation. This is a promotion for Harley and is well deserved. She has done an excellent job for us in the last fourteen months and will be missed by the staff as well as our outside customers. Director Fleming has submitted a freeze release request and as soon as that gets approved we will start the process to replace Harley.

Director Fleming has also been informed that we are getting a new AAG to staff the Board, AAG Ron Guay. Although he is not new to the AG's office he is new to the Gambling Control Board. Director Fleming thanked AAG Sturtevant for his assistance in the interim. AAG Sturtevant has always been quick to respond to inquiries and has been a quick study in the complexities of the gambling laws and rules.

Auditors Report : Auditor Donald Berrie - Since the Gambling Control Board did not meet in August, the report covered revenue statistics for both the months of July and August 2015 that were provided to the

board prior to this meeting. This information is based upon data reported on the “Revenue Totals” tab of the Gambling Control Board website.

July 2015 tax revenue was \$5,019,000, an increase of \$118,000, or 2% over the same period in 2014, making calendar year-to-date revenue \$30,086,000, an increase of \$506,000, or 2% over the same period in 2014. Calendar quarter #3 consists of one month only and reflects the data reported for July. The Board also received reports for Hollywood and Oxford Casinos showing July, quarterly and year-to-date allocations of these revenues.

August 2015 tax revenue was \$5,136,000, a decrease of \$9,000, or less than 1% below the same period in 2014, making calendar year-to-date revenue \$35,222,000, an increase of \$497,000, or 1% over the same period in 2014. Calendar quarter #3 revenue consists of only two months through August 31st. For those two months, revenue was \$10,155,000 which is \$109,000 or 1% over calendar quarter #3 2014. The Board also received reports for Hollywood and Oxford Casinos showing August, quarterly and year-to-date allocations of these revenues.

The Board received trend charts updated with July and August information. The revenue trend continues to demonstrate July and August as the highest revenue months.

Slot machine hold must be in compliance on a quarterly basis. The next hold compliance point will be for the quarter ended September 30, 2015. It should be noted that your auditors are also monitoring holds on a daily and weekly basis.

Audit program

Auditor Tobey has continued the slot machine component of the audit program at Hollywood Casino with the testing phase of the slot machine review with a focus on jackpot documentation. A follow-up visit by auditor Tobey to personally witness the slot drop and count room processes is scheduled for later this week.

As always, the Auditors welcome your feedback and suggestions.

State Police Update: Detective Don Armstrong - Since the last board meeting on July 21, 2015 there have been 40 new license applications submitted and Detective Armstrong has initiated background investigations on those. Detective Armstrong has completed 42 background investigations and those licenses have been issued to those employees. There were 129 renewal checks processed which brings Detective Armstrong current through the end of November for renewal investigations.

Detective Armstrong reported that there seems to be a fairly substantial turnover of employees from both casinos which has resulted in a greater number of new license applications being submitted.

In mid August Detective Armstrong traveled to Las Vegas to interview the key executives from BMM Inc. and to take a tour of their facility. Detective Armstrong reports there were no derogatory issues from the interviews and the business appears to be very well established.

There has been an increase in Tito ticket thefts over the last two months. Oxford had 9 thefts and Bangor had 7. In all but 1 case, the funds have been recovered. The recovery of these funds was done by either the Casino staff making direct contact with the patrons or the patron was sent letters explaining the incident and funds were returned. Both casinos have been doing a great job of recovering this money and getting it back to the appropriate patron. Also in August, Oxford Casino reported a loss of \$685.00 from an individual at the craps table who continually reduced his bet after it had been established. A video review of this patron was conducted and he was observed doing this 11 times. Detective Armstrong will be submitting a report to the DA's office so a review of the incident can be done and make a decision whether or not to prosecute.

Calls for service: Over the last two months Bangor had 27 calls for service and Oxford had 31.

Unfinished Business: Chapter 5 Internal Controls: Coming up on a year since these changes have been submitted. The table games related rules have still not been approved. A vote was taken in July to approve those. Those changes needed legislative action or inaction and when submitted they went to the wrong place and they never got acted on. Therefore when time came for the Board to do final vote to submit those changes the board was advised that because they didn't follow the appropriate process, those changes could not be approved. Leaving the board a couple of options, either to take the rule and go back to making rule changes now or wait and leave in place until the next rule making session. The casinos can, if they feel they want the changes made now they can petition the board by submitting an internal change request.

Motion to carry rule change over until next rule making session: Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

Unfinished Business: Oxford Internal Control Change: Tito Tickets may be accepted for tips and gratuities with supervisor's signature. There was concern as to who would be able to accept Tito tickets and a policy was submitted by Oxford Casino to ensure proper handling of these tickets and concerns of the Board. Supervisor must comply with the following Internal Control: K. Notwithstanding any provision of III-M(A) through (J) to the contrary, TITO's may be accepted for tips or gratuities with a supervisor's signature subject to and in accordance with Oxford Casino's written policy.

Motion to approve language stated in subsection K.: Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Motion to approve requested TITO IC changes as modified: Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

New Business:

New Game: Hollywood Casino would like to start using a new game called '3 Card Prime' the board members were sent rules to review prior to meeting and informed that this game is currently being used in other jurisdictions.

Motion to approve new game: Joe Laliberte

Second: Barbara Dresser

Vote: Unanimous

Hollywood Casino fund raiser: Hollywood Casino would like to conduct a Breast Cancer Awareness box as they did last year. This is a box set up at Hollywood Casino where individuals can donate their TITO tickets to the cause.

Motion to approve fund raiser: Joe Laliberte

Second: Barbara Dresser

Vote: Unanimous

Motion to adjourn: Joe Laliberte

Second: Barbara Dresser

Vote: Unanimous

Meeting Adjourned: 10:25

Next meeting is October 20, 2015 @ 9am @ 45 Commerce Drive Suite 3 Augusta, Maine 04330

Respectfully submitted Harley Murray, Office Assistant II